Veterans Affairs

2007-2008 Performance Report

The Honourable Greg Thompson, P.C., M.P.
Minister of Veterans Affairs

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SECTION I - OVERVIEW

Minister's Message

As Minister of Veterans Affairs, I am pleased to present our *2007-2008 Departmental Performance Report*. This report outlines our activities in support of those men and women who have courageously served Canada in times of war, peacekeeping and military operations. Much has been accomplished as we continue to care for and support them and their families in their time of need, and remember and honour their sacrifices and achievements by keeping alive the flame of remembrance.

With the additional support announced in Budget 2007 and the October 2007 Speech from the Throne, we have taken significant steps to improve services for our clients. As part of the continued implementation of and improvements to the New Veterans Charter, we strengthened mental health treatment and family support for our younger Veterans through the opening of additional Operational Stress Injury clinics. In 2007, we established a Veterans Bill of Rights in April and appointed a Veterans Ombudsman in November. The expansion of the Veterans Independence Program, announced in Budget 2008, will provide housekeeping and/or grounds maintenance benefits to eligible low-income and disabled survivors of traditional war service Veterans.

In co-operation with the Department of National Defence, we offered a one time, tax-free ex gratia payment related to the testing of Agent Orange and other unregistered U.S. military herbicides at CFB Gagetown.

We commemorated some very significant anniversaries. On April 9, 2007, 20,000 people, including 5,000 Canadian youth, gathered in France and thousands attended ceremonies in Canada to mark the 90th anniversary of the Battle of Vimy Ridge. At the ceremony of remembrance in France, the newly restored Canadian Vimy Ridge Memorial was dedicated by Her Majesty Queen Elizabeth II. A pilgrimage on August 19, 2007 marked the 65th anniversary of the Dieppe Raid – a day of valour and sacrifice. The Dieppe Raid resulted in the heaviest single-day Canadian casualties in the Second World War. We also marked the 90th anniversary of the Battle of Passchendaele with events in July and November.

Our employees are dedicated professionals working in support of our clients, while always demonstrating that they respect and are proud to serve them. Although we can never fully repay the great debt that Canadians owe our men and women in uniform, we will never forget or take for granted those who have sacrificed and continue to sacrifice for us.

The Honourable Greg Thompson, P.C., M.P.
Minister of Veterans Affairs

Chair's Message

I am pleased to present the 2007-2008 Performance Report of the Veterans Review and Appeal Board (VRAB) and the accomplishments achieved against the identified plans and priorities.

As an independent tribunal, the Board ensures fairness in Canada's program for disability pensions and awards and War Veterans Allowances by providing full and expeditious appeals for war Veterans, eligible Canadian Forces Veterans and serving members, RCMP applicants, qualified civilians and their families. This unique responsibility is foremost in all areas of our strategic planning, training, and initiatives to deliver results to Canadians.

The year has been extremely busy, and I am proud that we exceeded our objectives by issuing 7,303 decisions to applicants and decreasing the volume of claims pending a hearing. The key indicators which we use to inform us on service quality are the outcome of judicial review applications, the issues raised through inquiries and our complaint process. By all accounts, the Board continues to provide a high quality of adjudication in the disability compensation program, and its decisions are generally accepted as final and persuasive. This performance reflects the dedication and commitment of Members and staff to ensuring applicants receive the benefits to which they are entitled under the current legislative framework.

During the year, the Member complement evolved with new appointments through the competency-based Member Selection Process. All Members participated in specialized tribunal training to prepare for the adjudication of increasingly complex claims.

In responding to the expectations of applicants and the public, communication initiatives included the publication of a brochure to provide information on the Board's role as an independent tribunal and its hearing program, Web site updates and outreach to stakeholder organizations. Through discussions on claims processing issues with the Bureau of Pensions Advocates and The Royal Canadian Legion, the Board worked collaboratively to continually improve service to all applicants.

Overall, the Board continues to adapt and adjust to current and emerging challenges and to ensure fairness, competence and excellence to Canadians in every area of the disability compensation redress program.

Victor A. Marchand
Chair, Veterans Review and Appeal Board

Management Representation Statement

We submit for tabling in Parliament, the *2007-2008 Departmental Performance Report* for Veterans Affairs, a Portfolio comprising Veterans Affairs Canada and the Veterans Review and Appeal Board.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports:*

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Portfolio's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Suzanne Tining Deputy Minister Veterans Affairs Canada September 5, 2008	Victor A. Marchand Chair, Veterans Review and Appeal Board September 5, 2008

Summary Information

Veterans Affairs exists to serve and pay tribute to the brave men and women of Canada who have unselfishly contributed to global peace and security in times of war and in a variety of peacekeeping, peace enforcement and humanitarian operations around the world.

Veterans Affairs is a portfolio consisting of distinct and separate organizations: Veterans Affairs Canada (VAC, the Department); the Veterans Review and Appeal Board (VRAB, the Board); and the Office of the Veterans Ombudsman (OVO).

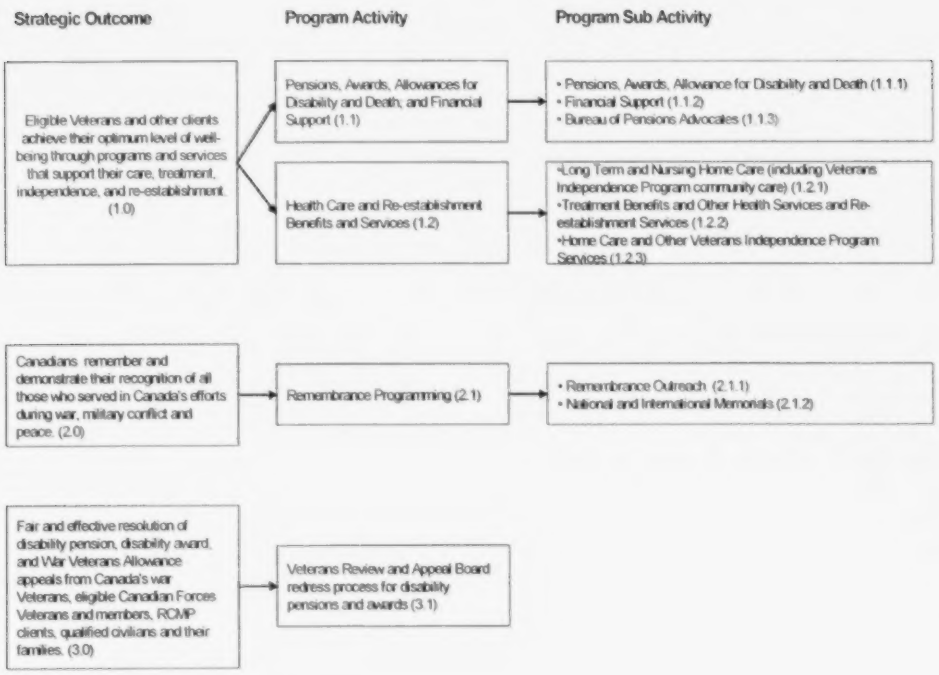
VAC's mandate stems from laws and regulations. Among the more significant is the *Department of Veterans Affairs Act*, which charges the Minister of Veterans Affairs with the following responsibilities:

"*The care, treatment, or re-establishing in civil life of any person who served in the Canadian Forces or merchant navy or in the naval, army or air forces or merchant navies of Her Majesty, of any person who has otherwise engaged in pursuits relating to war, and of any other person designated . . . and the care of the dependants or survivors of any person referred to . . .*"

VRAB operates at arm's length from the Department. The Chair of VRAB reports to the Parliament of Canada through the Minister of Veterans Affairs. The Board has full and exclusive jurisdiction to hear, determine and deal with all applications for review and appeal that may be made to the Board under the *Pension Act*, the *Canadian Forces Members and Veterans Re-establishment and Compensation Act*, the *War Veterans Allowance Act* and other Acts of Parliament.

The Office of the Veterans Ombudsman (OVO), an independent arms-length organization, was announced and established in 2007-08. The Veterans Ombudsman reports to the Minister who tables the Ombudsman's Annual Report to Parliament (Note: The Strategic Outcome and associated Program Activity for the OVO came into effect for 2008-09. Therefore, while specific funding was allocated for the OVO in 2007-08, expenditures were not reported under a separate Strategic Outcome).

2007-08 Program Activity Architecture for Veterans Affairs


Strategic Outcome
Program Activity
Program Sub Activity
Eligible Veterans and other clients achieve their optimum level of well-being through programs and services that support their care, treatment, independence, and re-establishment. (1.0)
Pensions, Awards, Allowances for Disability and Death, and Financial Support (1.1)
• Pensions, Awards, Allowance for Disability and Death (1.1.1)
• Financial Support (1.1.2)
• Bureau of Pensions Advocates (1.1.3)
Health Care and Re-establishment Benefits and Services (1.2)
•Long Term and Nursing Home Care (including Veterans Independence Program community care) (1.2.1)
•Treatment Benefits and Other Health Services and Re-establishment Services (1.2.2)
•Home Care and Other Veterans Independence Program Services (1.2.3)
Canadians remember and demonstrate their recognition of all those who served in Canada's efforts during war, military conflict and peace. (2.0)
Remembrance Programming (2.1)
• Remembrance Outreach (2.1.1)
• National and International Memorials (2.1.2)
Fair and effective resolution of disability pension, disability award, and War Veterans Allowance appeals from Canada's war Veterans, eligible Canadian Forces Veterans and members, RCMP clients, qualified civilians and their families. (3.0)
Veterans Review and Appeal Board redress process for disability pensions and awards (3.1)

2007-08 Planned Spending and Human Resources for Veterans Affairs

Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
3,377.9	3,442.6	3,196.5

Human Resources (Full-Time Equivalents)

Planned	Actual	Difference
3,696	3,859	(163)

Portfolio Priorities

	Name	Type	Performance Status
1	Enhancing and adapting programs and services to meet the needs of our Veterans, serving members, other clients and their families (VAC)	Ongoing	Successfully met
2	Implementing a Mental Health Strategy to enhance capacity to meet the mental health needs of clients (VAC)	Ongoing	Successfully met
3	Engaging Canadians in community-based remembrance activities with an emphasis on Canada's youth (VAC)	Ongoing	Successfully met
4	Enhancing organizational effectiveness (VAC)	Ongoing	Successfully met
5	Sustained Program (VRAB)	New	Successfully met
6	Improved program delivery (VRAB)	Ongoing	Successfully met
7	Engaged communication with appellants and stakeholders (VRAB)	Ongoing	Successfully met

Program Activities by Strategic Outcome

	Expected Results	Performance Status	2007-2008		
			Planned Spending	Actual Spending	Contributes to the following priority
Strategic Outcome #1: Eligible Veterans and other clients achieve their optimum level of well-being through programs and services that support their care, treatment, independence and re-establishment.					
Program Activity					
Pensions, Awards, Allowances for Disability and Death; and Financial Support	Eligible Veterans and others are appropriately compensated to contribute to their well-being	Successfully met	2,182.6	2,067.9	Priorities 1 and 4
Health Care and Re-establishment Benefits and Services	Eligible Veterans and others receive appropriate health benefits and rehabilitation services to contribute to their well-being	Successfully met	1,128.7	1,065.5	Priorities 1, 2 and 4
Strategic Outcome #2: Canadians remember and demonstrate their recognition of all those who served in Canada's efforts during war, military conflict and peace.					
Program Activity					
Remembrance Programming	Canadians who commemorate, understand and value the achievements and sacrifices of those who have served Canada in war, military conflict and peace	Successfully met	52.9	48.1	Priorities 3 and 4

	Expected Results	Performance Status	2007-2008		
			Planned Spending	Actual Spending	Contributes to the following priority
Strategic Outcome #3: Fair and effective resolution of disability pension, disability award, and War Veterans Allowance appeals from Canada's war Veterans, eligible Canadian Forces Veterans and members, RCMP clients, qualified civilians and their families.					
Program Activity					
Veterans Review and Appeal Board redress process for disability pensions and awards	Fairness in the Disability Pension, Disability Award and War Veterans Allowance Program	Successfully met	13.7	15.0	Priorities 5, 6 and 7

Operating Environment

Veterans Affairs is a medium-sized Portfolio with approximately 4,000 employees across Canada. It is headquartered in Charlottetown, Prince Edward Island and has an extensive service delivery network of 38 offices throughout Canada. VRAB holds hearings in Charlottetown and across the country. The Office of the Veterans Ombudsman operates in Charlottetown and Ottawa.

The Department supports and cares for Canada's Veterans by ensuring that they receive appropriate compensation and treatment benefits and services. It does this by offering programs and services such as the New Veterans Charter suite of programs, Disability Pensions and Awards, Health Treatment Benefits, the Veterans Independence Program and Long-Term Care. VAC is also committed to ensuring that meaningful remembrance programming continues into the future and that all Canadians, especially youth, value and recognize the achievements and sacrifices of Canadian Veterans and war dead. It does this through remembrance outreach and national and international memorials.

VRAB provides an independent redress process for service-related disability pension and award decisions and the final level of appeal for War Veterans Allowance claims.

In connection with VRAB's redress process, the Department provides free legal advice and representation for clients before the Board through its Bureau of Pensions Advocates.

Among the challenges that we face are a significant change in our client base, improving our programs and services in response to the changing needs of our clients, and having the staff and resources to provide our programs and services while managing these changes.

The dominant factors affecting VRAB's operations in 2007-08 were the volume and age of claims pending with representatives, financial resource challenges and increasingly complex claims.

As of March 31, 2008, VAC was providing benefits and services to approximately 220,000 clients: 36.8 percent were war service Veterans; 35.5 percent were Survivors; 24.5 percent were Canadian Forces members and Veterans; and 3.2 percent were members of the Royal Canadian Mounted Police (RCMP). VRAB serves the same group of clients as VAC, specifically those who have been denied entitlement for a claimed disability or who are dissatisfied with their assessment. For decisions issued by VRAB in 2007-08, 17.1 percent of the claimants were war service Veterans, 75.5 percent were Canadian Forces, and 7.4 percent were RCMP.

The average age of Second World War Veterans is 85, the average age of Korean War Veterans is 76, while the average age of Canadian Forces and RCMP clients is 56 and 57 respectively. Not every Veteran receives benefits and services. The Portfolio has almost 81,000 war service Veteran clients out of an estimated population of 197,000, and approximately 54,000 Canadian Forces members and Veterans clients out of an estimated population of 589,000.

Our client base is expected to change dramatically over the next 10 years. Demographic trends indicate a decline in the number of war service Veterans we serve while an increasing number of Canadian Forces clients will look to VAC for support and assistance. Currently, our staff is working with clients on a more intensive case-by-case basis in order to provide them with the right care at the right time. This presents a challenge as staff must deal with the expectations and needs of our aging war service Veterans while at the same time serving younger Canadian Forces members and Veterans who have completely different needs and expectations.

The number of Canadian Forces members serving in peacekeeping and/or peacemaking missions and other international operations has increased significantly in recent years, with frequent and prolonged deployments to zones of conflict and unrest. The increased danger, pace and intensity in operations for our armed forces results in a corresponding need for care and treatment from VAC for physical and mental health conditions arising from their service. The Department is meeting these needs through our key activity of the continued implementation of the New Veterans Charter and the benefits and services it provides.

The Charter, which came into effect in 2006, is the most sweeping program change in 60 years. It follows modern disability management practices, with a significant shift from hands-on delivery to case management. The service we provide under the Charter is not limited to Canadian Forces members and Veterans but also includes their families who are in need of services to help them deal with the stressors related to military life.

Another area of focus is to improve the quality of life for Canadian Forces members (as well as other clients such as our older war service Veterans) who live with mental health conditions. The Department is resolved to be a leader in the treatment of operational stress injuries (OSI), taking into account an increased number of clients with mental health conditions and the need to have community based mental health services across the country for clients seeking treatment.

As our war service Veterans age, they are facing a variety of needs ranging from increased health needs, the desire to remain independent in their own communities, and end-of-life issues. The Department provides programs and services which help them to improve their quality of life and continues to review its programs and services and to identify options for improvements.

RCMP members live and work in a unique culture and face new challenges relating to modern-day threats and conflicts, both at home and abroad. VAC recognizes the need for our continued collaboration with the RCMP to provide services for former and serving members of the RCMP.

The delivery of our programs and services is also influenced by other factors such as: the Government's broader priorities; the implementation of the *Federal Accountability Act*; and the changing Canadian workforce.

The October 2007 Speech from the Throne focussed on five clear priorities: strengthening Canada's sovereignty and place in the world; building a stronger federation; providing effective economic leadership; continuing to tackle crime; and improving our environment. The Speech also included a commitment to continue to improve support for our Veterans who have contributed so much to defending Canada.

The Government of Canada emphasizes results and values-based management, as well as responsible spending and due diligence. In support of the *Federal Accountability Act*, the Portfolio is working to strengthen accountability and transparency through managing for results, integrated decision-making and reporting.

The Government of Canada's public service renewal is aimed at attracting and retaining top-quality employees, emphasizing excellence, leadership and teamwork while making human resources management more flexible and responsive to employees' needs. A significant portion of the Portfolio's workforce is eligible for retirement within five to ten years, thereby emphasizing the need for knowledge transfer and retention. In an increasingly diverse Canada, we must also strive to have a representative workforce which includes visible minorities, Aboriginal people and people with disabilities. As part of this renewal and the implementation of the 2005 *Public Service Modernization Act*, Veterans Affairs integrated its human resource and business planning to more fully integrate our financial and non-financial information. The Department is also committed to the principles of sustainable development and has incorporated this into our decision making process.

VAC has developed partnerships with other government departments and agencies such as the Department of National Defence (DND) and Canadian Heritage, other levels of government, other countries, Veterans' associations and service providers. These partnerships play a significant role in the delivery of our benefits, services and remembrance programming.

Performance Results for 2007-08

Organized by Veterans Affairs' three Strategic Outcomes, the Portfolio established seven strategic priorities for VAC and VRAB in 2007-08. The following section outlines the performance results for these priorities and related program activities. VAC's strategic priority of *Enhancing Organizational Effectiveness* supports all the Strategic Outcomes and is therefore reported separately.

Strategic Outcome # 1: Eligible Veterans and other clients achieve their optimum level of well-being through programs and services that support their care, treatment, independence, and re-establishment

The major components of the programs and services that are offered to our clients are described in the following paragraphs.

The New Veterans Charter suite of programs represents the support that CF Veterans and their families need to ease their transition to civilian life. It replaces monthly disability pensions with a comprehensive package of wellness programs and a lump-sum disability award. The suite of programs includes Rehabilitation, Financial Benefits, Health Care, Disability Awards, Death and Detention Benefits, and Job Placement programs – all supported by comprehensive case management. Approximately 7,600 clients received benefits and services under this suite of programs in 2007-08 at an annual cost of $172 million, including $157 million for Disability Awards and Allowances.

VAC provides disability pensions and special awards for disabled Veterans of the First and Second World Wars; the Korean War; any Veteran with service prior to April 1, 1947; Canadian Forces Veterans and members; and former and serving members of the RCMP. These pensions compensate for disabilities or death related to military or RCMP service. There were approximately 179,800 clients in receipt of a disability pension or special award as of March 31, 2008, at an annual cost of $1,738 million.

VAC offers three major health care programs: the Veterans Independence Program (VIP); Long-Term Care; and Health Treatment Benefits.

VIP helps clients maintain their independence through the provision of home and community care. It includes services such as housekeeping and grounds maintenance, ambulatory health care, transportation, home adaptations, and intermediate nursing home care. At an annual cost of $303 million, 103,000 Canadian Veterans and primary caregivers (a slight increase in clients from the previous year) were receiving services under VIP as of March 31.

VAC supports approximately 10,600 Veterans in long-term care beds, either in a network of community facilities across the country, or in departmental facilities, or in larger contract facilities where we have priority access beds for Veterans. Ste. Anne's Hospital, located in Montréal, is the last remaining federal hospital administered by the Department. Including $54 million for

intermediate nursing home care reported under VIP, the total cost for the delivery of long term care in 2007-08 was $344 million.

Treatment Benefits consist of medical and dental care, surgical or prosthetic aids, prescription drugs and home adaptations, cost of travel to receive these benefits and treatment allowances paid during periods of acute treatment of a pensioned condition. The Department provides benefits that ensure Veterans receive the same level of service across the country and covers the health treatment costs of disabled or low income Veterans to ensure they have access to a high quality of care. At an annual cost of $262 million, 108,800 clients benefited from VAC treatment benefits in 2007-08. The largest Programs of Choice in terms of annual cost were: Prescription Drugs ($123 million); Audio ($38 million); and Special Equipment purchase, repair and rental ($29 million).

In our continuing efforts to improve the programs and services offered to our clients, the Department established the following two strategic priorities and associated plans and initiatives for 2007-08.

Priority: Enhancing and adapting programs and services to meet the needs of our Veterans, serving members, other clients and their families (VAC)

This priority supports the following Program Activities:

- Pensions, Awards, Allowances for Disability and Death; and Financial Support
- Health Care and Re-establishment Benefits and Services

Budget 2008 provided funding to expand the Veterans Independence Program to eligible low-income and disabled survivors, providing a maximum of $2,400 for housekeeping and/or grounds maintenance benefits.

In 2007-08, Canadian Forces outreach activities continued to be an area of focus of the New Veterans Charter. The objective of these activities was to ensure that eligible Canadian Forces members and their families are aware of all the available programs that help them transition to civilian society. In some cases, these clients may also receive medical care and treatments.

VAC's Pharmacy Program is a very important component of our Health Treatment Benefits. Three of the four performance measurements developed for this program (average pharmacy professional fee, unit cost of benefit and claims processing cost per prescription filled) have now been implemented. The final measurement, therapeutic effectiveness of the drugs that VAC provides, will be implemented when health records are available electronically.

The Federal Health Claims Processing System is the key delivery mechanism for health claims processing services. An efficient and cost-effective service is essential for VAC and its partners and allows us to focus on client service while devoting fewer departmental resources to claims processing. The Department established a task force in October 2006 to begin the procurement process of a new contract for the Federal Health Care Processing System (also used by DND and the RCMP). It is expected that the contract will be awarded by July 2010 and be in place for July 2012.

Ste. Anne's Hospital is undergoing renovations to modernize and better serve our Veterans. The renovations to the main building are proceeding in four stages, with Phase I (floors 3-6) completed and Phase II (floors 7-10) initiated in 2007-08. Phase II will be finished in autumn 2008 while the total project is expected to conclude by December 2009. When complete, the hospital will have 446 private rooms in a safe, comfortable and functional environment. Given the declining number of eligible Veterans requiring Long Term Care hospitalization, Ste. Anne's Hospital has begun a process to identify key partners and future opportunities that will strategically position the hospital for the future.

To address concerns raised about the health effects of Agent Orange or other unregistered US military herbicide use at Canadian Forces Base Gagetown, a one-time, tax-free ex gratia payment of $20,000 has been put in place for eligible civilian and military personnel. Up to 4,500 individuals are expected to receive this payment, with 886 individuals receiving the payment in 2007-08. In addition to this payment, any Canadian Forces member or Veteran who feels they have an illness associated to Agent Orange can also apply for a Veterans Affairs disability benefit.

Through its network of 14 District Offices and an Appeals Unit at Head Office in Charlottetown, the Bureau of Pensions Advocates (BPA) provides free legal advice and representation for clients before the Veterans Review and Appeal Board. BPA began introducing the "Advocates without Borders" initiative in 2007-08. When fully implemented, it will allow work to be distributed among the Bureau's offices without geographic limitations and will reduce turnaround times for clients.

On April 3, 2007, the Prime Minister announced the creation of a Veteran's Bill of Rights, strengthening the Government's ability to respond quickly and fairly to the concerns of Veterans, and committed to create an Office of the Veterans Ombudsman charged with upholding the Bill of Rights and addressing Veterans' grievances that are not satisfactorily resolved through existing redress mechanisms. The Veterans Ombudsman, appointed on November 11, 2007, operates independently from Veterans Affairs and reports to the Minister of Veterans Affairs (who tables an annual report to the House of Commons). The Ombudsman raises issues concerning individual client cases that are subject to the departmental appeal process (excluding those appealable to VRAB) which the Ombudsman deems to merit a review. The Ombudsman also engages in the identification of systemic issues related to departmental legislation, regulations, policy and procedures. The role of the Ombudsman is an integral component of the Government's commitment to ensuring that Canadians receive consistent, fair and quality service.

When appointed, the Veterans Ombudsman decided to start operations immediately in response to the great anticipation within the Veteran community. Since his appointment, the Veterans Ombudsman has been hiring staff, increasing awareness of Veterans issues and the existence of the Office, and responding to over 950 complaints received, of which 95 percent were evaluated for future action. The Veterans Ombudsman has held town hall and information sessions across Canada. The Office of the Veterans Ombudsman is expected to be fully operational in the fall of 2008 with 30 staff in Charlottetown and Ottawa.

In 2008-09 and future years, the Office of the Veterans Ombudsman will be identified under a separate Strategic Outcome and supporting Program Activity.

Priority: Implementing a Mental Health Strategy to enhance capacity to meet the mental health needs of clients (VAC)

This priority supports the following Program Activity:

- Health Care and Re-establishment Benefits and Services

To address client demand in specialized mental health services that cannot be met by the public health care system, the Department operates one operational stress injury clinic at Ste. Anne's Hospital and funds five others across Canada in Quebec City, London, Winnipeg, Calgary and Fredericton. These clinics provide treatment, assessment, prevention and support services to Veterans and members of the Canadian Forces and RCMP with operational stress injuries.

To provide clients with greater access to mental health services, Budget 2007 allocated $9 million annually for five additional clinics, including the currently operating clinic in Fredericton. Locations are based on factors such as areas with significant numbers of clients requiring specialized operational stress injury services, and the geographical distribution of operational stress injury services across the country (including DND's Operational Trauma and Stress Support Centres which VAC clients can also access).

VAC is working with DND to provide a continuum of mental health services to meet the needs of clients living with mental health conditions. VAC's operational stress injury clinics serve Veterans and complement services offered by DND's Operational Trauma and Stress Support Centres for serving Canadian Forces members which are located in Halifax, Valcartier, Ottawa, Edmonton and Esquimalt. The Joint Network for Operational Stress Injuries between VAC and DND ensures clients across the country have access to the mental health services they require as close to their own communities as possible.

Budget 2007 also announced $1 million to enhance family support services. This allowed VAC to hire an additional eight Operational Stress Injury Social Support (OSISS) Family Peer Support Coordinators. They are located in district offices across Canada and have increased the national network of VAC-DND OSISS Family Peer Support Coordinators to a total of 20.

Strategic Outcome # 2: Canadians remember and demonstrate their recognition of all those who served in Canada's efforts during war, military conflict and peace

The Department offers remembrance programming to: keep alive the achievements and sacrifices made by those who served Canada in times of war, military conflict and peace; engage communities in remembrance of these achievements and sacrifices; and promote an understanding of their significance in Canadian life as we know it today.

The Department established the following strategic priority and associated plans and initiatives for 2007-08.

Priority: Engaging Canadians in community-based Remembrance activities with an emphasis on Canada's youth (VAC)

This priority supports the following Program Activity:

- Remembrance Programming

VAC completed an internal policy review in 2007-08. The primary focus was to ensure that the existing Remembrance Policy continues to reflect the appropriate direction for remembrance planning and programming for the Government of Canada into the future. The review will allow the Department to build on the successes achieved so far and ensure that its priorities and strategies are relevant and focussed on achieving the right results. Follow-up work is underway to develop and implement an action plan.

In 2007-08, the Department supported various partners and/or led various remembrance activities related to specific anniversary events such as the 90th anniversary of the Battle of Vimy Ridge and dedication of the restored monument at Vimy, the 65th anniversary of the Dieppe Raid and the 90th anniversary of the Battle of Passchendaele (events in July and November).

The 90th anniversary of the Battle of Vimy Ridge and the dedication of the restored Canadian National Vimy Memorial resulted in an unforgettable tribute to the 100,000 Canadians who so gallantly fought at Vimy Ridge, including the 3,598 who lost their lives. Three Heads of State, including Her Majesty, Queen Elizabeth II, attended the main ceremony, along with approximately 8,000 Canadians (including teachers, parents and over 5,000 youth), an estimated 350 VIPs from numerous countries and more than 130 official delegates from Canada. Approximately 20,000 people attended the main ceremony, with an additional 30,000 attending complementary events. This event is one example of many opportunities in 2007-08 to involve youth in remembrance activities, ceremonies and learning events. Media coverage was exceptional, with a total of 150 accredited media from Canada, France, Britain, Germany and Belgium on-site at Vimy. In Canada, the event garnered 1,338 English language and 100 French language clippings and transcripts and extensive front page coverage. The live broadcast from Vimy was viewed by millions worldwide.

Another major overseas commemorative event on August 19, 2007, co-organized with the French government, marked the 65th anniversary of the Dieppe Raid which resulted in the heaviest single-day Canadian casualties in the Second World War. Of the nearly 5,000 Canadian soldiers, more than 3,300 became casualties, including 913 who lost their lives. More than 1,900 became prisoners of war.

With the completion of the restoration work, the reopening of the restored Canadian National Vimy Memorial to visitors and the highly publicized events in Europe, there was an increased awareness of Canada's commemorative sites overseas. There were approximately 750,000 visitors to Vimy in 2007-08, with a

total of 1 million visitors to all 13 monuments – an overall 34 percent increase from the previous year.

As part of VAC's commitment to expand Canadian Forces Veterans remembrance programming, the 2007 Veterans' Week programming was marked by the participation of Canadian Forces Veterans and their inclusion in the 2007 Veterans' Week poster. A large majority of Veterans' week events devoted part of their remembrance message to Canadian Forces Veterans.

Peacekeeping Day is celebrated on August 9th each year. It recognizes and commemorates the achievements and sacrifices of the more than 125,000 Canadian Forces members who participated in overseas peace-support efforts. This day is taking on an even higher profile and creating further impetus for Canadians to focus on the contributions of Canadian Forces members.

By increasing partnership opportunities, VAC provides opportunities for Canadians, especially youth, to be involved in remembrance. In 2007-08, VAC's Partnership Contribution Program supported remembrance programming through the Community Engagement Partnership fund ($1.37 million for 96 non-profit organizations) and the Cenotaph/Monument Restoration Program ($450,000 for 51 projects).

The Department worked with the Commonwealth War Graves Commission (CWGC) to maintain the graves of approximately 117,000 Canadian war dead in more than 80 countries. Through an agreement with VAC, the CWGC is "mapping" the 350,000 grave markers of Veterans in Canada for which the federal government is responsible. When completed in 2010, this national database will make it easier to monitor and maintain markers, and will help relatives and friends to locate the final resting place of Veterans.

Strategic Outcome # 3: Fair and effective resolution of disability pension, disability award, and War Veterans Allowance appeals from Canada's war Veterans, eligible Canadian Forces Veterans and members, RCMP clients, qualified civilians and their families

The Veterans Review and Appeal Board strengthened management practices and responded to recommendations in an Organizational Governance Evaluation and an independent review of disability pension and disability award decision making. By focussing on citizen-centered service, employees engaged in discussions on priorities, change management, improved communications and risk awareness. The Board identified and communicated current and future human resources needs in its Integrated Human Resources and Business Plan 2008-10.

The Board's Strategic Plan Update 2008 identified three priorities which support the following Program Activity:

- Veterans Review and Appeal Board redress process for disability pensions and awards

Priority: Sustained Program (VRAB)

The Board maximized the hearing schedule and provided timely opportunities to hear applicants' claims. VRAB worked closely with representative organizations to bring forward claims by providing options such as single member review panels, written submissions and video conferences. A total of 7,670 applications for hearing were received and 8,703 pre-hearing documents were prepared; however 1,625 claims were withdrawn or abandoned by the applicants. In issuing 7,303 decisions, the Board surpassed its goal of issuing 7,000 decisions while at the same time substantially reducing the number of reviews and appeals pending a hearing. The Board reviewed and adjusted processes to ensure that claims were dealt with as effectively and promptly as possible.

Priority: Improved program delivery (VRAB)

The Board focussed on responding to the concerns of applicants that the appeal process is lengthy. The Board monitored the volume and age of claims pending a hearing and, working with client representatives, made significant progress in reducing overall time frames (by 21 days for review claims and 49 days for appeal claims, compared to the previous year) through scheduling and work process initiatives. However, even though VRAB offered an expanded schedule of hearings, representatives were not always in a position to present the maximum claims available. VRAB also introduced technology and specific initiatives to give timely information to members and staff which, in turn, facilitated the decision-making process. Ninety percent of review and appeal decisions were finalized in an average of 32.1 days and 27.9 days respectively, substantially meeting the public commitment to render a decision 30 calendar days following the date of the hearing.

A revised Hearing Loss Policy was introduced by VAC in 2007. For applicants whose hearing loss claims were previously decided by VRAB (or one of its predecessors) prior to the revised policy, the Board put a procedure in place which allows those applicants to return to the Department for a ruling.

For new members, the Board implemented a revised professional development framework with an intensified training period, scheduled follow-up sessions and a formal mentoring plan. All members received training on the provisions of the legislation and regulations and conduct of hearings, and also attended specialized sessions in decision-writing and administrative tribunal training. Further training and tools were developed to support quality, consistency and efficiency in decision-making.

Priority: Engaged communication with appellants and stakeholders (VRAB)

The Board implemented a strategic communication plan, making significant progress in outreach and information sharing. The Board published its *Review and Appeal Hearings* brochure in September 2007, meeting the identified need for clear and concise information about the Board and its area of responsibility. VRAB increased communications with applicants, representatives, stakeholder organizations and Parliamentarians.

Enhancing Organizational Effectiveness

This priority supports all Program Activities of the Portfolio.

As part of Public Service Renewal, developing an Integrated Human Resource and Business Plan (IHRBP) is a key commitment for the effective management of our human resources. VAC implemented an IHRBP process in September 2007. Branch and division plans fed into the 2008-09 departmental plan which was posted on the Department's Web site on March 31, 2008. In support of IHRBP, the Department developed a pilot course for delivery to Human Resource Consultants who work directly with managers. In addition, Phase 1 of the Human Resources dashboard (relevant Human Resources data to support IHRBP) was delivered in January 2008. While accountability for their IHRBP rests fully with the managers, results are monitored bi-annually and IHRBP is fully integrated into the departmental planning and reporting cycle. The success of the overall planning process was attributed to key factors such as a mandate from the Deputy Minister and managers with a solid foundation of planning experience. The risk analysis portion of this plan will also be used to update the Corporate Risk Profile.

Led by Public Works and Government Services Canada, VAC participated in a proof of concept project for an Information Technology shared services organization (ITSSO). This project explored options for improved economies of scale in the delivery of services and the dedication of scarce resources to meet program/business delivery and support activities. VAC continues to: seek opportunities to gain economies by sharing resources with other organizations; work with our current partners; and finalize ongoing operational agreements. The Department also made progress on integrating telecommunications responsibilities, although the pace of integration was influenced by the ITSSO initiative.

VAC is moving to Portfolio Project Management and an enhanced Performance Measurement and Accountability Framework. In 2007-08, VAC developed the framework for key performance indicators and started work on Information Technology Metrics to support evidence based requirements.

VAC has appointed a Chief Audit Executive and Chief Evaluation Officer. In 2007-08, the Department laid the groundwork to have a Departmental Audit Committee in place by summer 2008. The committee will consist of a majority of members external to VAC and provide independent and objective guidance, advice and assurance to the Deputy Minister.

SECTION II - ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Strategic Outcome #1:

Eligible Veterans and other clients achieve their optimum level of well-being through programs and services that support their care, treatment, independence, and re-establishment.

Program Activity #1.1:

Pensions, Awards, Allowances for Disability and Death; and Financial Support.

Veterans Affairs Canada provides, upon eligibility, pensions or awards for disability or death and financial support as compensation for hardships arising from disabilities and lost economic opportunities. Veterans Affairs Canada has a comprehensive and integrated range of compensation and wellness programs to support its clients. These clients include: Veterans of the First World War, the Second World War, Veterans of the Korean War, Merchant Navy Veterans, Canadian Forces members and Veterans, spouses, common-law partners, certain civilians, and survivors and dependants of military and civilian personnel. Veterans Affairs also administers disability pensions for the RCMP under a Memorandum of Understanding.

VAC's mission is to provide exemplary, client-centred services and benefits that respond to the needs of our clients, in recognition of their services to Canada. The expected result which would link this program activity to the corresponding strategic outcome is:

- Eligible Veterans and others are appropriately compensated to contribute to their well-being.

The Department's performance measurement strategy for monitoring the program activity's related benefits and services includes an annual review to equate the performance indicators:

- *Percentage of decisions that comply with the Department's standards and business processes.*

  76 percent of first applications for disability pensions and awards were completed within the service standard time of 24 weeks. While this represents a decrease in the completion rate over the previous year, the difference is largely due to improved methodology for calculating the rate rather than a reduction in service to clients.

  A quality assurance review of compliance with policies and business processes related to Disability Benefits was conducted in 2007-08. This review provided an analysis of the overall processes relating to client contact, claim preparation, adjudication, payment processing and post-decision counselling. Overall compliance with departmental policies and business processes was assessed at 91 percent. This was the first time

for this review and it establishes a benchmark for program improvements and future reviews. As a follow-up to the review, the responsible program areas are developing quality improvement plans in 2008-09 to address deficiencies which were identified. Recommended improvement activities include: reviewing the delayed application policy with processing staff so that cover letters and correspondence comply with the dates by which information is to be returned to VAC; focussing on consistency in decision letters so that the rationale and citing of evidence to support the decision are always included and the letters are clear, concise and accurate; developing documentation standards specific to the Disability Pension process (standards are currently being finalized); and initiating a regular performance monitoring process which will provide coaching, mentoring and allow feedback on deficiencies identified.

Additionally, a quality assurance review was completed to assess compliance with departmental policy and business processes related to awards, specifically Attendance Allowance (AA). This quality assurance review provided an analysis of the overall compliance with policy and business process including client eligibility, appropriateness of grade level awarded, compliance with related VIP policy of personal care limitations, timeliness of the decision and quality and appropriateness of the decision letter. Overall compliance with respect to these core indicators was assessed at 84 percent. This was the first time for this review and it establishes a benchmark for program improvements and future reviews. The deficiencies identified by the review will be discussed with the program area in 2008-09 and quality improvement plans will be developed. Recommended improvement activities include: reviewing AA policies, guidelines, business processes and appeal decisions in order to streamline the process for decision makers; reviewing the application of the Benefit Counselling Policy with respect to AA and the entitlement of the client with respect to unmet needs; reviewing documentation requirements with all Area Counsellors so that the AA Assessment provides sufficient detail to support the need for and level of AA; and initiating a regular performance monitoring program which will provide coaching, mentoring and allow feedback on deficiencies identified.

- *Number and duration of Veterans in receipt of Temporary Earnings Loss, Extended Earnings Loss and Canadian Forces Income Support.*

The duration of clients in receipt of financial support varies. In no case is the file closed while a need exists. There were 406 clients receiving Temporary Earnings Loss funds as of March 31, 2008. The cost for this program in 2007-08 was $9.9 million.

There were 32 clients in receipt of Extended Earnings Loss funding at a cost of $1.5 million for 2007-08.

The Canadian Forces Income Support is a tax-free benefit which helps Canadian Forces Veterans who are able to work but have not been able to find a job or have a low-paying job after completing the Rehabilitation Program. While this benefit was available, there were no eligible clients during 2007-08.

The Department's performance is also measured every two years to validate the performance indicator:

- *Percentage of surveyed clients satisfied with the benefits and services which they have received.*

  The 2007 National Client Satisfaction Survey reported global findings of an overall level of satisfaction of 79 percent. This included clients both in receipt of benefits and services and those who were declined a benefit or service. New questions were added to the 2007 survey to gain more specific insight into our programs and services and whether they are meeting clients' needs. Because the 2007 survey differs from previous ones, we cannot directly compare the final results (overall satisfaction in 2005 was 84 percent). Asking these new questions has given us further insight and created a new benchmark so we can monitor our clients' satisfaction levels on even more aspects of our programs and services.

Financial Resources ($ millions):

Planned Spending	Authorities	Actual Spending
2,182.6	2,201.2	2,067.9

Human Resources (Full-Time Equivalents):

Planned	Authorities	Actuals
1,261	1,384	1,384

Program Activity #1.2:

Health Care and Re-establishment Benefits and Services.

Veterans Affairs Canada provides, upon eligibility, health benefits, a Veterans Independence Program, long-term care, and rehabilitation and re-establishment support to eligible Veterans and others. The Health Care Program is designed to enhance the quality of life of VAC clients, promote independence, and assist in keeping clients at home and in their own communities by providing a continuum of care.

The expected result which would link this program activity to the corresponding strategic outcome is:

- Eligible Veterans and others receive the treatment benefits and services to meet their identified needs.

The Department's performance in providing health care and re-establishment benefits and services to clients is measured by the following performance indicators:

- *Total Program of Choice expenditures.*

  Program of Choice expenditures are one component of VAC's Health Care and Re-establishment Benefits and Services and do not include VIP and Long Term Care expenditures. Total program of choice expenditures for 2007-08 were $261.8 million, a 1.6 percent decrease from 2006-07 levels. While Canadian Forces clients and expenditures continue to increase, this was more than offset by the decline in the number of war service clients receiving benefits and a decrease in the average cost per transaction for war service clients.

- *Total contract services to administer the program expenditures.*

  For 2007-08, health care processing system contract fees (not including Vocational Rehabilitation and Job Placement) totalled $23.8 million. Contract services costs include fees per transaction for Treatment Benefits, the Veterans Independence Program, and Health Related Travel as well as contractor administration costs. Total costs for 2007-08 were $1 million less than 2006-07. The decrease was in contractor administration costs related to the treatment authorization centre.

- *Level of compliance with departmental standards and business processes.*

  The Quality Management Program conducts periodic reviews of Health Care Programs and Service Delivery to assess the extent of compliance with departmental standards and business processes. These reviews operate on a three year cycle, providing evidence relating to program and service delivery compliance, and also providing qualitative recommendations for program and service improvement.

  During 2007-08, the Quality Management Program completed a comprehensive review of compliance with departmental policies and guidelines with respect to case management. Case management functions assessed in this review included interdisciplinary teamwork, individualized client assessment and case planning, service co-ordination and outcome evaluation. The overall compliance with departmental policy and business processes with respect to case management service delivery was assessed at 61 percent. Other national quality assurance reviews were conducted to provide an in-depth analysis of compliance with nationally standardized client assessment and case planning processes. The overall compliance with respect to these two services was assessed at 70 percent and 67 percent respectively. These internal reviews and other monitoring activities determined that, while staff embraced the need for case management to support the successful implementation of New Veterans Charter programs, there were areas where additional understanding, awareness and training of specific program elements were required. As such, the Department undertook to enhance case management by taking direct action to augment the quality of case management through staff training, opportunities for managers to share practices and enhancing the client service team certification process. In addition, a working group was created to look further into the practice of case management in the Department in order to make recommendations and implement a

comprehensive strategy on case management that would provide quality service to clients.

- *Total Rehabilitation/ Vocational expenditure.*

  Vocational Rehabilitation expenditures for 2007-08 were $3.1 million, compared to an approved reference level of $11.3 million. These expenditures were higher than in 2006-07 and are expected to continue to increase as client uptake of programs under the New Veterans Charter continues to grow.

Financial Resources ($ millions):

Planned Spending	Authorities	Actual Spending
1,128.7	1,169.9	1,065.5

Human Resources (Full-Time Equivalents):

Planned	Authorities	Actuals
2,130	2,144	2,144

Strategic Outcome #2:

Canadians remember and demonstrate their recognition of all those who served in Canada's efforts during war, military conflict and peace.

Program Activity # 2.1:

Remembrance Programming.

Remembrance Programming keeps alive the achievements and sacrifices made by those who served Canada in times of war, military conflict and peace; engages communities in remembrance of these achievements and sacrifices; and promotes an understanding of their significance in Canadian life as we know it today.

VAC's mission also includes keeping the memory of Canada's Veterans achievements and sacrifices alive for all Canadians. The expected result which would link this program activity to the corresponding strategic outcome is:

- Canadians who commemorate, understand and value the achievements and sacrifices of those who have served Canada in war, military conflict and peace.

The Department's performance measurement strategy used to report on the expected result includes measuring on a regular basis the following performance indicator:

- *Percentage of Canadians who are knowledgeable about and engaged in remembrance.*

  Successful results were achieved and are supported by the 2007 National Client Satisfaction Survey which indicates that 85 percent of VAC's clients (80 percent in 2005) were satisfied with how VAC delivers its Commemoration activities.

  Research conducted for Veterans' Week 2007 shows that 64 percent of Canadians (66 percent in 2006) had heard of Veterans' Week, and that 75 percent (72 percent in 2006) agree that it is important to mark Veterans' Week each year. The level of participation in Veterans' Week activities held steady at 34 percent in 2007 (compared to 35 percent in 2006). Consistent with 2006, half of Canadians (51 percent) reported watching the Remembrance Day 2007 National War Memorial ceremonies on TV while 34 percent noticed the "Lest We Forget" posters (compared to 21 percent in 2006). The Government of Canada *Lest We Forget* vignette ran for two weeks prior to Remembrance Day. Research indicates that 60 percent of Canadians saw, read or heard advertising about our Veterans. Of those who recalled the advertising, 61 percent accurately recalled facets of the vignette.

Financial Resources ($ millions):

Planned Spending	Authorities	Actual Spending
52.9	56.3	48.1

Human Resources (Full-Time Equivalents):

Planned	Authorities	Actuals
162	189	189

Strategic Outcome #3:

Fair and effective resolution of disability pension, disability award, and War Veterans Allowance appeals from Canada's war Veterans, eligible Canadian Forces Veterans and members, RCMP clients, qualified civilians and their families.

Program Activity # 3.1:

Veterans Review and Appeal Board redress process for disability pensions and awards.

Provides Canada's war Veterans, eligible Canadian Forces Veterans and members, RCMP clients, qualified civilians and their families with full opportunity to request review and appeal hearings to ensure a fair adjudicative

process for disability pension, disability award and War Veterans Allowance claims.

The Board has full jurisdiction to hear, determine and deal with all applications for review and appeal that may be made to the Board under the *Pension Act*, the *Canadian Forces Members and Veterans Re-establishment and Compensation Act*, the *War Veterans Allowance Act* and other Acts of Parliament. The Board's objective is to ensure that clients receive the benefits to which they are entitled efficiently, fairly and in accordance with the available evidence and the applicable legislation. The expected result which would link this program activity to the corresponding strategic outcome is:

- Fairness in the Disability Pension, Disability Award and War Veterans Allowance Program.

The Board's performance measurement strategy in meeting its strategic outcome is measured on a quarterly basis to validate the performance indicator:

- *Percentage of Federal Court decisions that uphold the target set by the Board.*

  When all Board redress avenues have been exhausted, applicants may apply to the Federal Court for a Judicial Review. In 2007-08, eleven appellants filed an application with the Federal Court (less than 0.2 percent of the Board's 7,303 decisions). The Federal Court issued nine rulings, four of which upheld the decision of the Board while five were returned for reconsideration. Two decisions were returned to the Board to be re-heard pursuant to a Consent Order.

Financial Resources ($ millions):

Planned Spending	Authorities	Actual Spending
13.7	15.2	15.0

Human Resources (Full-Time Equivalents):

Planned	Authorities	Actuals
143	143	142

SECTION III - SUPPLEMENTARY INFORMATION

Portfolio Links to the Government of Canada Outcome Areas

2007-2008				
($ millions)	Actual Spending 2007-08			Alignment to Government of Canada Outcome Area
	Budgetary	Non-budgetary	Total	
Strategic Outcome #1: Eligible Veterans and other clients achieve their optimum level of well-being through programs and services that support their care, treatment, independence, and re-establishment.				
Pensions, Awards, Allowances for Disability and Death; and Financial Support	2,067.9	-	2,067.9	Income Security and Employment for Canadians
Health Care and Re-establishment Benefits and Services	1,065.5	-	1,065.5	Healthy Canadians
Strategic Outcome #2: Canadians remember and demonstrate their recognition of all those who served in Canada's efforts during war, military conflict and peace.				
Remembrance Programming	48.1	-	48.1	A Vibrant Canadian Culture and Heritage
Strategic Outcome #3: Fair and effective resolution of disability pension, disability award, and War Veterans Allowance appeals from Canada's war Veterans, eligible Canadian Forces Veterans and members, RCMP clients, qualified civilians and their families.				
Veterans Review and Appeal Board redress process for disability pensions and awards	15.0	-	15.0	Income Security and Employment for Canadians

Table 1: Comparison of Planned to Actual Spending (including FTEs)

($ millions)	2005-2006 Actual	2006-2007 Actual	2007-2008 Main [1] Estimates	2007-2008 Planned Spending	2007-2008 Total [2] Authorities	2007-2008 Actual
Pensions, Awards, Allowances for Disability and Death; and Financial Support		1,932.8	2,182.4	2,182.6	**2,201.2**	2,067.9
Health Care and Re-establishment Benefits and Services		1,021.5	1,128.5	1,128.7	**1,169.9**	1,065.5
Remembrance Programming		59.6	51.1	52.9	**56.3**	48.1
Veterans Review and Appeal Board redress process for disability pensions and awards		14.1	13.7	13.7	**15.2**	15.0
Total	2,881.4	3,028.0	3,375.7	3,377.9	**3,442.6**	3,196.5
Less: Non-respendable revenue [3]	32.6	29.8	31.5	31.5	**31.5**	30.0
Plus: Cost of Services received without charge	32.1	32.5	30.8	31.0	**34.9**	34.9
Total Portfolio Spending	2,880.9	3,030.7	3,375.0	3,377.4	**3,446.0**	3,201.4
Full-time Equivalents	3,676	3,695	3,696	3,696	**3,859**	3,859

[1] Employee benefit plans are already in the Main Estimates total.
[2] For the 2007-2008 reporting cycle, the "Total Authorities" column refers to total spending authorities received during the fiscal year, as well as funding received from TB Vote 5, TB Vote 10 and TB Vote 23.
[3] Non-respendable revenue consists of all non-tax revenue that will be credited to the Consolidated Revenue Fund.

Table 2: Voted and Statutory Items

($ millions)		2007-2008			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates	Planned Spending	Total Authorities[1]	Actual
1	Veterans Affairs - Operating expenditures	905.9	907.7	966.0	867.7
5	Veterans Affairs - Capital expenditures	22.8	23.2	26.6	26.3
10	Veterans Affairs - Grants and contributions	2,397.6	2,397.6	2,397.6	2,250.2
15	Veterans Affairs - Veterans Review and Appeal Board - Operating expenditures	9.5	9.5	10.3	10.2
(S)	Contributions to employee benefit plan	39.6	39.6	41.4	41.4
(S)	Minister of Veterans Affairs - Salary and motor car allowance	0.1	0.1	0.1	0.1
(S)	Veterans Insurance Actuarial Liability Adjustment	0.2	0.2	0.2	0.2
(S)	Refunds of amounts credited to revenue in previous years	-	-	0.2	0.2
(S)	Court awards	-	-	0.1	0.1
(S)	Spending of proceeds from the disposal of surplus Crown assets	-	-	0.1	0.1
(S)	Repayments under Section 15 of the *War Service Grants Act* of compensating adjustments made in accordance with the terms of the *Veterans' Land Act*	-	-	-	-
(S)	Returned Soldiers Insurance Actuarial Liability Adjustment	-	-	-	-
(S)	Re-Establishment Credits under Section 8 of the *War Service Grants Act*	-	-	-	-
	Total Portfolio	3,375.7	3,377.9	3,442.6	3,196.5

[1]For the 2007-2008 reporting cycle, the "total authorities" column refers to total spending authorities received during the fiscal year, as well as funding received from TB Vote 5, TB Vote 10, and TB Vote 23.

Vote 1 (Veterans Affairs - Operating expenditures) includes funds appropriated for the following items ($ millions)

Description	Total Authorities	Actual Expenditures
Administrative and overhead costs incurred to support the delivery of programs (i.e. salaries, travel, professional services, supplies, rentals, telecommunications, etc.)	299.4	288.0
Goods and services purchased on behalf of Veterans (i.e. prescription drugs, dental, audio and visual services, special equipment, long-term care in non-departmental hospitals, etc.)	648.6	561.9
Ex-gratia payments, primarily related to the testing of Agent Orange at CFB Gagetown	18.0	17.8
Total Vote 1	**966.0**	**867.7**

Table 3: Details on Project Spending

($ millions)	Current Estimated Total Cost	Actual 2005-2006	Actual 2006-2007	2007-2008			
				Main Estimates	Planned Spending	Total Authorities	Actual
Ste. Anne's Hospital Renovation	114.3	17.2	11.9	23.2	23.2	26.5	26.4
European Monument Restoration	29.8	8.9	9.3	-	0.4	0.4	0.2
Total	144.1	26.1	21.2	23.2	23.6	26.9	26.6

Table 4: Details on Transfer Payments Programs (TPP)

Veterans Affairs Canada manages the following transfer payments programs in excess of $5 million:

($ millions)	2007-2008
Pensions, and Allowances for Disability and Death	1,737.8
Disability Awards and Allowances	157.0
War Veterans Allowance / Civilian War Allowance	16.4
Earnings Loss and Supplementary Retirement Benefit	11.7
Veterans Independence Program	303.2
Last Post Fund	9.6
Commonwealth War Graves Commission	9.2

Further information on the above-mentioned Transfer Payments Programs can be found at **www.tbs-sct.gc.ca/rma/dpr-rmr/2007-2008/index-eng.asp**

Table 5: Travel Policies

The Veterans Affairs Portfolio follows and uses TBS Travel policies parameters.

Table 6: Financial Statements of Departments and Agencies

Veterans Affairs Canada
Management Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with the management of Veterans Affairs Canada. These financial statements have been prepared by management in accordance with Treasury Board Accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of Veterans Affairs' financial transactions. Financial information submitted to the Public Accounts of Canada and included in Veterans Affairs' *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal controls designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout Veterans Affairs.

Veterans Affairs Canada has a departmental audit committee whose roles are to oversee compliance with legal and regulatory requirements as well as the integrity of financial reporting, internal controls, disclosure controls and internal audit functions. In fulfilling its responsibilities, the audit committee provides advice to assist senior management in risk management and the operation of management control frameworks.

The financial statements of Veterans Affairs Canada have not been audited.

Suzanne Tining
Deputy Minister
Charlottetown, Canada
July 30, 2008

Ron Herbert
Senior Financial Officer
Charlottetown, Canada
July 25, 2008

Veterans Affairs
Statement of Operations (unaudited)
For the year ended March 31

(in thousands of dollars)	2008	2007
Expenses (Note 4)		
Pensions and allowances	2,077,499	1,946,695
Health care benefits	1,053,315	1,021,674
Canada Remembers	50,510	53,495
Veterans Review and Appeal Board	16,162	15,223
Total expenses	**3,197,486**	**3,037,087**
Revenues (Note 5)		
Pensions and allowances	2,542	2,786
Health care benefits	18,821	18,879
Canada Remembers	47	16
Total revenues	**21,410**	**21,681**
Net cost of operations	**3,176,076**	**3,015,406**

The accompanying notes form an integral part of these financial statements.

Veterans Affairs
Statement of Financial Position (unaudited) at March 31

(in thousands of dollars)	2008	2007
Assets		
Financial assets		
Cash	642	0
Accounts receivable and advances (Note 6)	9,153	11,373
Non-financial assets		
Prepaid expenses	105	95
Tangible capital assets (Note 7)	132,154	107,283
Total assets	**142,054**	**118,751**
Liabilities		
Accounts payable and accrued liabilities	49,805	46,372
Vacation pay and compensatory leave	10,501	10,083
Deferred revenue	0	733
Other liabilities (Note 8)	12,404	13,623
Employee severance benefits (Note 9)	46,834	45,076
Total liabilities	**119,544**	**115,887**
Equity of Canada	**22,510**	**2,864**
Total	**142,054**	**118,751**
Contingent liabilities (Note 10)		
Contractual obligations (Note 11)		

The accompanying notes form an integral part of these financial statements.

Veterans Affairs
Statement of Equity of Canada (unaudited)
For the year ended March 31

(in thousands of dollars)	2008	2007
Equity of Canada, beginning of year	2,864	(14,753)
Net cost of operations	(3,176,076)	(3,015,406)
Current year appropriations used (Note 3)	3,196,454	3,027,967
Revenue not available for spending	(21,585)	(21,979)
Change in net position in the Consolidated Revenue Fund (Note 3)	(11,059)	(5,332)
Services received without charge from other government departments (Note 12)	31,912	32,367
Equity of Canada, end of year	**22,510**	**2,864**

The accompanying notes form an integral part of these financial statements.

Veterans Affairs
Statement of Cash Flows (unaudited)
For the year ended March 31

(in thousands of dollars)	2008	2007
Operating activities		
Net cost of operations	3,176,076	3,015,406
Non-cash items:		
Amortization of tangible capital assets	(4,861)	(4,571)
Loss on disposal of tangible capital assets	(74)	
Gain on disposal of tangible capital assets	16	
Adjustments to tangible capital assets	1,071	590
Services provided without charge	(31,912)	(32,367)
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and advances	(2,220)	347
Increase (decrease) in prepaid expenses	10	73
(Increase) decrease in liabilities	(3,657)	(1,426)
Cash used for operating activities	3,134,449	2,978,052
Capital investment activities		
Acquisitions of tangible capital assets	29,335	22,604
Proceeds from disposal of tangible capital assets	(616)	
Cash used for capital investment activities	28,719	22,604
Financing activities		
Net cash provided by Government of Canada	(3,163,810)	(3,000,656)
Net Cash Used	(642)	0
Cash, beginning of year	0	0
Cash, end of year	642	0

The accompanying notes form an integral part of these statements.

Veterans Affairs Canada
Notes to Financial Statements (unaudited)

1. Authority and Objectives

The Department of Veterans Affairs was established by the *Department of Veterans Affairs Act* as a department under Schedule I to the *Financial Administration Act*.

The Veterans Affairs Portfolio consists of the Department of Veterans Affairs, which reports to the Minister of Veterans Affairs, and the Veterans Review and

Appeal Board, which reports to Parliament through the Minister of Veterans Affairs.

Veterans Affairs Canada's objectives as stated in the *Department of Veterans Affairs Act* are the care, treatment or re-establishment in civil life of any person who served in the Canadian Forces or merchant navy or in the naval, army or air forces or merchant navies of Her Majesty, of any person who has otherwise engaged in pursuits relating to war, and of any other person designated by the Governor in Council, and the care of the dependants or survivors of any person previously referred to herein.

The Department meets its responsibilities through its various programs. The Canada Remembers program endeavours to keep alive the achievements and sacrifices made by those who have served Canada in times of war and peace. The Health Care Benefits program provides treatment and other health-related benefits to Veterans and other eligible persons. The Pensions and Allowances for Disability and Death, and Economic Support program provides pensions for disability or death and economic support in the form of allowances to Veterans and other eligible persons. The Veterans Review and Appeal Board program provides Canada's war Veterans, eligible Canadian Forces Veterans and still-serving members, RCMP clients, qualified civilians and their families with full opportunity to request review and appeal hearings to ensure a fair adjudicative process for disability pension, disability awards and War Veterans Allowance claims.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) *Parliamentary appropriations*

Veterans Affairs Canada is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to Veterans Affairs Canada do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 to these financial statements provides a high-level reconciliation between the bases of reporting.

(b) *Net cash provided by Government*

Veterans Affairs Canada operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by Veterans Affairs Canada is deposited to the CRF and all cash disbursements made by Veterans Affairs Canada are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) *Change in net position in the Consolidated Revenue Fund (CRF)* is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by Veterans Affairs Canada. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) *Revenues* are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Revenues that have been received but not yet earned are recorded as deferred revenue on the Statement of Financial Position. This amount represents prepayments to Ste. Anne's Hospital for in-patient charges.

(e) *Expenses* are recorded on the accrual basis:

- Grants are recognized in the year in which the conditions for payment are met.
- Contributions are recognized in the year in which the recipient has fulfilled the terms of a contractual transfer agreement.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodations, the employer's contribution to the health and dental insurance plans, and legal services are recorded as operating expenses at their estimated cost.

(f) *Benefit payments*

The majority of the programs administered by Veterans Affairs Canada are meant to provide future benefits for members and Veterans of the Canadian Forces. As such, an actuarially determined liability and related disclosure for these future benefits are presented in the financial statements of the Government of Canada, the ultimate sponsor of these benefits. This differs from the accounting and disclosures of benefits presented in these financial statements as Veterans Affairs Canada expenses these benefits as they become due and records no accruals for future benefits. Payments of benefits made directly to beneficiaries, such as pensions and allowances for disability, death and economic support, are recorded as grants or contributions, while benefits delivered through service providers, such as certain health care benefits are recorded as operating expenses. This accounting treatment corresponds to the funding provided to the Department through Parliamentary appropriations.

(g) *Employee future benefits*

(i) *Pension benefits*: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan, administered by the Government of Canada. Veterans Affairs Canada's contributions to the Plan are charged to expense in the year incurred and represent the total

departmental obligation to the plan. Current legislation does not require Veterans Affairs Canada to make contributions for any actuarial deficiencies of the Plan.

(ii) *Severance benefits*: Employees are entitled to severance benefits, as provided for under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(h) *Accounts receivables* are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

(i) *Tangible capital assets*

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Veterans Affairs Canada does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	**Amortization Period**
Buildings	25 years
Works and infrastructure	25 years
Machinery and equipment	5 to15 years
Informatics	2 to 5 years
Motor vehicles	5 years
Leasehold improvements	Lesser of useful life or term of the lease
Assets under construction	Once in service, in accordance with asset type

(j) *Foreign currency transactions*

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect on March 31. Gain and losses resulting from foreign currency transactions are reported on the Statement of Operations according to the activities to which they relate.

(k) *Contingent liabilities* are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot

be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(l) *Environmental liabilities* reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when Veterans Affairs Canada becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the Department's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(m) *Measurement uncertainty*

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the useful life of tangible capital assets and the liability for employee severance benefits. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

Veterans Affairs Canada receives funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, Veterans Affairs Canada has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables.

(a) Reconciliation of net cost of operations to current year appropriations used

(in thousands of dollars)	2008	2007
Net cost of operations	3,176,076	3,015,406
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add(Less):		
Services provided without charge	(31,912)	(32,367)
Revenue not available for spending	21,585	21,979
Refund of previous years' expenses	9,242	7,727
(Increase) in employee severance benefits	(1,758)	(2,792)
Amortization of tangible capital assets	(4,861)	(4,571)
Justice Canada fees		(1,545)
Bad debt expense	(1,248)	(2,697)
(Increase) decrease in vacation pay and compensatory leave	(418)	37
Loss on disposal of tangible capital assets	(74)	
Other	398	4,113
	3,167,030	**3,005,290**
Adjustment for items not affecting net cost of operations but affecting appropriations:		
Add(Less):		
Acquisition of tangible capital assets	29,335	22,604
Prepaid expenses	89	73
	29,424	**22,677**
Current year appropriations used	**3,196,454**	**3,027,967**

(b) Appropriations provided and used

	Appropriations Provided	
(in thousands of dollars)	2008	2007
Vote 1 - Operating expenditures	966,012	882,315
Vote 5 - Capital expenditures	26,552	23,075
Vote 10 - Grants and Contributions	2,397,619	2,343,715
Vote 15 - Program expenditures	10,336	10,017
Statutory amounts	42,089	39,565
	3,442,608	**3,298,687**
Less:		
Lapsed appropriations	(246,154)	(270,720)
Current year appropriations used	**3,196,454**	**3,027,967**

(c) Reconciliation of net cash provided by Government to current year appropriations used

(in thousands of dollars)	2008	2007
Net cash provided by Government	3,163,810	3,000,656
Revenue not available for spending	21,585	21,979
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	2,220	(347)
Variation in accounts payable and accrued liabilities	3,433	(960)
Variations in deferred revenue	(733)	49
Other adjustments	6,139	6,590
	11,059	5,332
Current year appropriations used	**3,196,454**	**3,027,967**

4. Expenses

The following table presents details of expenses by category:

(in thousands of dollars)	2008	2007
Transfer payments		
Individuals	2,222,672	2,098,279
Non-profit organizations	11,490	13,183
Other countries and international organizations	9,190	8,859
Other	157	15
Total transfer payments	2,243,509	2,120,336
Operating		
Professional and special services	316,745	310,588
Salaries and employee benefits	304,837	291,708
Utilities, materials and supplies	213,784	217,658
Transportation and communications	39,808	39,353
Repairs and maintenance	20,911	20,003
Accommodations	14,100	14,700
Amortization	4,861	4,571
Loss on disposal of tangible capital assets	74	
Bad debt expense	1,248	2,697
Employee severance benefits	1,758	2,792
Other	35,851	12,681
Total operating expenses	953,977	916,751
Total expenses	**3,197,486**	**3,037,087**

5. Revenues

The following table presents details of revenues by category:

(in thousands of dollars)	2008	2007
Hospital services	17,371	17,723
Meals	353	362
Sale of goods and information products	85	114
Gain on disposal of tangible capital assets	16	
Other revenue	3,585	3,482
Total revenues	**21,410**	**21,681**

6. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2008	2007
Receivables from external parties	19,052	18,232
Receivables from other Federal Government Departments and agencies	1,717	4,251
Advances	976	952
Sub-Total	21,745	23,435
Less: allowance for doubtful accounts on external receivables	(12,592)	(12,062)
Total	9,153	11,373

7. Tangible capital assets

The following tables present details of tangible capital assets:

	Cost			
(in thousands of dollars) Capital Asset Class	Opening balance	Acquisitions	Disposals and adjustments	Closing balance
Land	612	4	(463)	153
Buildings	66,453	114	11,252	77,819
Works and infrastructure	4,417		128	4,545
Machinery and equipment	4,092	264	(5)	4,351
Informatics	10,793	1,489	(3,680)	8,602
Motor Vehicles	1,352	165	(182)	1,335
Leasehold Improvements	335	612	269	1,216
Assets under construction	81,292	26,687	(12,388)	95,591
Total	169,346	29,335	(5,069)	193,612

Accumulated Amortization				
(in thousands of dollars) Capital Asset Class	Opening balance	Amortization	Disposals and adjustments	Closing Balance
Land				
Buildings	46,246	3,361	(1,395)	48,212
Works and infrastructure	2,863	178	(106)	2,935
Machinery and equipment	2,404	392	(16)	2,780
Informatics	9,420	717	(3,709)	6,428
Motor Vehicles	929	158	(182)	905
Leasehold Improvements	201	55	(58)	198
Assets under construction				
Total	62,063	4,861	(5,466)	61,458

Amortization expense for the year ended March 31, 2008 is $4,861 (2007 - $4,571)

Net Book Value		
(in thousands of dollars)	2008	2007
Capital Asset Class	Net book value	Net book value
Land	153	613
Buildings	29,609	20,208
Works and Infrastructure	1,610	1,554
Machinery and Equipment	1,571	1,688
Informatics	2,173	1,372
Motor Vehicles	430	423
Leasehold Improvements	1,018	134
Assets under construction	95,590	81,291
Total	132,154	107,283

8. Other liabilities

Other liabilities represent funds received from parties which are to be disbursed for specified purposes. The following table presents the details of other liabilities:

(in thousands of dollars)	Balance April 1, 2007	Receipts and other credits	Payments and other charges	Balance March 31, 2008
Administered accounts	1,666	483	489	1,660
Estate fund	4,585	389	917	4,057
Veterans administration and welfare trust fund	830	214	118	926
Returned soldiers' insurance fund	9	6	2	13
Veterans insurance fund	6,519	154	935	5,738
Other accounts	14	324	328	10
Total	13,623	1,570	2,789	12,404

(a) *Administered accounts*

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the *Veterans Treatment Regulations* and section 8 of the *Guardianship of Veterans Property Regulations*, moneys held in these accounts include: (a) pensions, war veterans allowances and treatment

allowances placed under the administration of the Department of Veterans Affairs; and (b) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs. Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities to the client.

(b) *Estates fund*

This account was established to record the proceeds from the estates of those Veterans who died while receiving hospital treatment or institutional care, and for those Veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the *Veterans' Estates Regulations*. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

(c) *Veterans administration and welfare trust fund*

This account was established to record donations, legacies, gifts, bequests, etc., received, to be disbursed for the benefit of Veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the *Guardianship of Veterans' Property Regulations*.

(d) *Returned soldiers' insurance fund*

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing Veterans of the First World War. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial adjustment as at March 31, 2007 of $6,268 was charged to the account during the year and was credited to revenues. The final date on which application for this insurance could have been received was August 31, 1933.

(e) *Veterans insurance fund*

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing Veterans of the Second World War. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2007 of $150,570 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

(f) *Other accounts – Shared-cost agreements*

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Ste. Anne's Hospital.

9. Employee Benefits

(a) *Pension benefits*

Veterans Affairs Canada's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and Veterans Affairs Canada contribute to the cost of the Plan. The 2007-08 expense amounts to $30,217,088 ($28,765,351 in 2006-07), which represents approximately 2.1 times (2.2 in 2006-07) the contributions by employees.

Veterans Affairs Canada's responsibility with regards to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the plan's sponsor.

(b) *Severance benefits*

Veterans Affairs Canada provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2008	2007
Accrued benefit obligation, beginning of year	45,076	42,284
Expenses for the year	6,137	7,334
Benefits paid during the year	(4,379)	(4,542)
Accrued benefit obligation, end of year	46,834	45,076

10. Contingent liabilities

(a) *Contaminated sites*

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Department is obligated or likely to be obligated to incur such costs. Veterans Affairs Canada has identified approximately three sites (4 sites in 2007, one of which was sold in March 2008) where such action is thought to be possible. A liability has not been recorded as Veterans Affairs Canada is unlikely to incur remediation costs.

Veterans Affairs Canada's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the Department in the year in which they become known.

(b) *Claims and litigation*

Claims have been made against Veterans Affairs Canada in the normal course of operations. Legal proceedings for claims totalling approximately $428 million (unchanged from 2007) were still pending at March 31, 2008. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

The Government was a defendant in a class action lawsuit which claimed damages from the alleged failure of the Crown to invest or provide a rate of return on monies administered for the benefits of Veterans. On April 14, 2008, the Supreme Court of Canada denied the Plaintiff's final motion for reconsideration in this case. This class action litigation has come to an end in the Courts and can now be considered closed.

11. Contractual Obligations

The nature of Veterans Affairs Canada' s activities can result in some large multi-year contracts and obligations whereby the Department will be obligated to make future payments when the services/goods are received. Significant obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2009	2010	2011	2012	2013 and thereafter	Total
Ste. Anne's Hospital Modernization Project	19,000	7,000				26,000
Total	19,000	7,000				26,000

12. Related party transactions

Veterans Affairs Canada is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. Veterans Affairs Canada enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, Veterans Affairs Canada received services which were obtained without charge from other Government departments as presented in part (a).

(a) *Services provided without charge*:

During the year Veterans Affairs Canada received without charge from other departments, accommodations, legal fees and the employer's contribution to health and dental insurance plans. These services without charge have been recognized on the Department's Statement of Operations as follows:

(in thousands of dollars)	2008	2007
Accommodations	14,100	14,700
Employer's contribution to the health and dental insurance plans	16,612	16,556
Legal services	1,200	1,111
Total	31,912	32,367

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included as an expense in Veterans Affairs' Statement of Operations.

(b) *Payables outstanding at year-end with related parties:*

(in thousands of dollars)	2008	2007
Accounts payable to other government departments and agencies	7,811	9,004

List of Electronic Tables

The following tables can be found on the Treasury Board of Canada Secretariat Web site at: www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Sources of Non-respendable revenue
Details on Transfer Payment Programs
Sustainable Development Strategy
Response to Parliamentary Committees and External Audits
Internal Audits
Evaluations

SECTION IV – OTHER ITEMS OF INTEREST

Canada and the First World War

The "Great War" was truly a world war. Sixty-five million men from 30 nations were involved in it: at least ten million men were killed; twenty-nine million more were wounded, captured or missing; and the financial cost was measured in hundreds of billions of dollars.

The First World War was a landmark in Canadian national development. In 1914, Canada entered the war as a colony and in 1918 was forging visibly ahead to nationhood. Canada began the war with one division of citizen soldiers under the command of a British general and ended with a superb fighting force under the command of one of its own sons.

Canada's war effort was remarkable. From a nation of eight million people, a total of 619,636 men and women served in the Canadian forces, and of these 66,655 gave their lives and another 172,950 were wounded.

While the Battle of Vimy Ridge has come to symbolize Canadian ability on the battlefield and Canada's contribution to the allied cause, Canadian soldiers also fought at Ypres, stormed Regina Trench, captured Passchendaele, and entered Mons on November 11, 1918.

The majority of our fallen troops are buried in France and Belgium. There are 13 Canadian battlefield memorials in France and Belgium commemorating the exploits of Canadian and Newfoundland troops. The names of our soldiers whose last resting places are unknown are inscribed on the Vimy Memorial, the Commonwealth Memorial at the Menin Gate in Ypres, and the Beaumont-Hamel Memorial. In addition, the *Books of Remembrance* contain the names of all Canadians who fought in the First World War (and other wars) and died either during or after them. All seven books are kept in the Memorial Chamber located in the Peace Tower on Parliament Hill.

Our war record won us a separate signature on the Treaty of Versailles which ended the First World War, signifying that national status had been achieved and leading to our independence from the United Kingdom.

Commonwealth War Graves Commission

The Commonwealth War Graves Commission, established in 1917, is a joint governmental organization responsible for marking and maintaining the graves of members of the Commonwealth of Nations' military forces that died in the two world wars, to build memorials to those with no known grave, and to keep records of the war dead. The United Kingdom, Canada, Australia, New Zealand, India and the Republic of South Africa are members of the Commission, sharing operating costs in proportion to the number of their war dead.

The Commission is responsible for the commemoration of 1.7 million Commonwealth servicemen and women in 150 countries worldwide. It has constructed and maintains around 2,500 cemeteries and is responsible for

Commonwealth war graves in other cemeteries. There are 73,000 such cemeteries containing Commonwealth war graves worldwide, of which over 12,000 are in the United Kingdom. The largest cemeteries, built after the First World War, are in France and Belgium. The Commission maintains the graves of approximately 117,000 Canadian war dead in more than 80 countries.

More than 200 memorials were also constructed to commemorate the dead who have no known grave: the largest is the Thiepval Memorial, which is 45 metres high and carries the names of over 72,000 missing servicemen from the Battle of the Somme.

The Canadian Agency of the Commonwealth War Graves Commission, established in April 1921, is co-located with Veterans Affairs Canada in Ottawa. It has responsibility for some 19,000 Commonwealth war dead buried in Canada and the United States of America.

Senior International Forum

In September 2007, Veterans Affairs Canada hosted the Senior International Forum, a co-operative grouping of Deputy Ministers and other senior officials from Australia, Canada, the United Kingdom, the United States of America and New Zealand. The forum is focussed on exchanging information, identifying future strategic challenges and developing solutions to areas of common concern relating to each country's Veterans and their families. The inaugural meeting of the forum was hosted by VAC in 2001, followed by annual meetings in London, Wellington, Washington and Canberra.

The Ministers of each country endorse the collaborative activities of the Senior International Forum and its working committees. The Ministers held Ministerial Summit meetings in 2005, 2006 and April 2008.

Federal Health Care Partnership

VAC plays a lead role in the Federal Healthcare Partnership (FHP) which is a voluntary alliance of seven federal government organizations (Citizenship and Immigration Canada, Correctional Service Canada, Department of National Defence, Health Canada, Public Health Agency of Canada, Royal Canadian Mounted Police, and Veterans Affairs Canada) with responsibilities for ensuring delivery of healthcare services to specific client groups in the Canadian population. The FHP is supported by a Secretariat which reports to VAC's Senior Assistant Deputy Minister and is funded through VAC. The FHP has been shown to be an excellent model of horizontal issues management in government.

The FHP's mission is to identify, promote and implement more efficient and effective healthcare programs through the collaborative effort of the partners. Its objectives are to achieve economies of scale, while enhancing provision of care for clients and to provide strategic leadership on key healthcare issues. In 2007-08, the FHP made particularly significant strides in the areas of health information management, health human resources and pharmacy. The partners have been able to achieve cost savings and influence healthcare

policy through collaboration, to the benefit of their respective programs and clients, and ultimately Canadians.

Web Sites

The following Web sites will provide more detailed information on material provided in this report. If further information is required, contact may be made through our general inquiries lines listed on the last page of this report.

Audit and Evaluation Reports
www.vac-acc.gc.ca/general/sub.cfm?source=department/reports/deptaudrep

Books of Remembrance Web site
www.vac-acc.gc.ca/remembers/sub.cfm?source=collections/books

Canada Remembers
www.vac-acc.gc.ca/remembers/

Canada Remembers Calendar of Events
www.vac-acc.gc.ca/remembers/sub.cfm?source=events

Canadian Forces Public Info Sheets
www.vac-acc.gc.ca/remembers/sub.cfm?source=history/Canadianforces

Canadian Virtual War Memorial Web site
www.virtualmemorial.gc.ca

Cenotaph/Monument Restoration Program Web site
www.vac-acc.gc.ca/remembers/sub.cfm?source=memorials/cenotaph

Clients
www.vac-acc.gc.ca/clients/

DND-VAC Centre for the Support of Injured Members, Injured Veterans and their Families
www.dnd.ca/hr/thecentre/engraph/home_e.asp

Federal Healthcare Partnership
www.fhp-pfss.gc.ca

Heroes Remember Web site
www.vac-acc.gc.ca/remembers/sub.cfm?source=collections/hrp

Human Resources Five-Year Strategic Plan
www.vac-acc.gc.ca/general/sub.cfm?source=department/reports

Integrated Human Resources and Business Plan (VAC)
www.vac-acc.gc.ca/general/sub.cfm?source=department/reports#09

Mental Health
www.vac-acc.gc.ca/clients/sub.cfm?source=mhealth

National Client Satisfaction Survey
www.vac-acc.gc.ca/general/sub.cfm?source=department/reports/ncss07

New Veterans Charter
www.vac-acc.gc.ca/clients/sub.cfm?source=Forces/nvc

On-line Services
www.vac-acc.gc.ca/clients/sub.cfm?source=e_services

Partnering Opportunities Web site
www.vac-acc.gc.ca/remembers/sub.cfm?source=partner

Providers and Professionals
www.vac-acc.gc.ca/providers

Regulations
www.vac-acc.gc.ca/general/sub.cfm?source=department/Legislation

Royal Canadian Mounted Police
www.vac-acc.gc.ca/clients/sub.cfm?source=rcmp

Ste. Anne's Hospital
www.vac-acc.gc.ca/general/sub.cfm?source=steannes

Strategic Plan (Veterans Affairs Canada)
www.vac-acc.gc.ca/general/sub.cfm?source=department/reports

Strategic Plan Update 2008 (Veterans Review and Appeal Board)
www.vrab-tacra.gc.ca/VRAB-TACRA_Documents.htm

Sustainable Development Strategy
www.vac-acc.gc.ca/general/sub.cfm?source=department/reports

Veterans Affairs Canada
www.vac-acc.gc.ca/general/

Veterans Ombudsman
www.ombudsman-veterans.gc.ca

Veterans Review and Appeal Board
www.vrab-tacra.gc.ca

Veterans Review and Appeal Board: Review and Appeals Hearing Brochure
www.vrab-tacra.gc.ca/Documents/VRAB%20Brochure.htm

Veterans' Week Web site
www.vac-acc.gc.ca/remembers/sub.cfm?source=feature/vetweek

Youth and Educators
www.vac-acc.gc.ca/youth/

General Inquiries

If you wish to make a general inquiry about Veterans Affairs Canada, its programs or services, please call 1-866-522-2122 (English) or 1-866-522-2022 (French). If you wish to make a general inquiry about the Veterans Review and Appeal Board, please call 1-800-450-8006 (English) or 1-877-368-0859 (French).

Portfolio Publications

The Portfolio produces a variety of publications on its programs and services. Copies of these publications can be obtained from your nearest Veterans Affairs Canada district or regional office.

Our staff in Corporate Planning are responsible for coordinating the development of this report, the associated Report on Plans and Priorities, as well as a number of other departmental reports. These are available on-line at: **www.vac-acc.gc.ca/general/sub.cfm?source=department/reports**.

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